

Internal Revenue Service  
**Form 990 Redesign for Tax Year 2008**  
**Schedule G, Supplemental Information Regarding Fundraising or Gaming**  
**Activities – Highlights**  
December 20, 2007

**Rationale**

The current Form 990 and Form 990-EZ require an organization to attach a schedule providing detail for the amounts entered for special events and gaming (Form 990, line 9 or Form 990-EZ, line 6). The Draft's Schedule G was created to replace these unstructured attachments by incorporating the currently requested information described in the form's instructions, as well as new questions to collect information about professional fundraising, special events and gaming activities. Part I of the Draft's schedule involved fundraising practices, Part II involved special events (now renamed "fundraising events"), and Part III involved gaming.

**Separate Reporting of Gaming and Fundraising**

Some noted that gaming activities are very different from fundraising activities and should be reported in separate schedules. While the IRS agrees that there are significant differences, both fundraising and gaming share a common objective – raising funds – and may raise similar tax and state law compliance concerns. The states are interested in both of these activities, as they often are regulated by state officials. The Form 990, Part VIII, Statement of Revenue has been revised to separately report fundraising events (formerly "special events") and gaming, and the IRS believes the separation of special events and gaming reporting within the Schedule G is sufficient to clarify the difference in these activities.

**Definition of Professional Fundraiser**

Professional fundraising groups commented that the Draft inadequately described the scope of fundraising activities for which information was sought, and failed to define fundraising consistent with practices within the fundraising community. These comments noted that differing professional fundraising arrangements pose two distinct tax compliance concerns: whether the organization or the fundraiser has custody or control over the funds raised, and the reasonableness of fees paid to the fundraiser. The form was revised to take these comments into account, and the instructions will further address these considerations.

**Additional Changes**

- Revised checkboxes in Part I, line 1 to encompass internal and professional fundraising activities
- Revised Part I table to include only professional fundraising arrangements, and included a column to state whether the professional fundraiser or the organization has custody or control of funds raised
  - Established threshold for Part I table so reporting is required only if fundraiser's compensation is at least \$5,000, and then only for the top ten highest compensated fundraisers

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- Moved Draft's question 2 regarding relationship of professional fundraisers to Form 990, Part IV, question 28a, with detail to be reported on Schedule L, Part IV.
- Revised Draft's question 3 to narrow listed jurisdictions from state and local to states in which the organization is registered or licensed to solicit funds or has been notified it is exempt from such requirements
- Moved Part III backup withholding questions to Form 990, Part V, line 1b
- Increased the reporting threshold for Parts II and III from \$10,000 to \$15,000
- Certain portions of the schedule will also be used to replace current unstructured attachments for Form 990-EZ, line 6 (however, Schedule G, Part I, line 2, reporting is not required for 990-EZ filers)

**Expected Impact on Burden**

Schedule G, Part I is not currently required and is expected to result in additional burden. The Draft did not contain a threshold for reporting such information. As a result of comments, however, a threshold of \$5,000 per arrangement was adopted for Part I.

The current form imposes no threshold for the unstructured attachments for Form 990, line 9 or Form 990-EZ line 6 (tables in Schedule G, Parts II and III). The Draft's \$10,000 threshold was increased to \$15,000 so smaller organizations or those with minimal activity in these areas will no longer need to provide this information.

The additional questions regarding gaming activities are expected to result in minimal burden.